FEB 25 2008

BEFORE THE DEPARTMENT OF INSURANCE STATE OF NEBRASKA

FILED

STATE OF NEBRASKA DEPARTMENT OF INSURANCE,	
PETITIONER, VS.	ORDER SUSPENDING CERTIFICATE OF AUTHORITY CAUSE NO. C-1690
AF&L INSURANCE COMPANY,	}
RESPONDENT.)

AF&L Insurance Company is a Pennsylvania domiciled insurance company holding a Certificate of Authority to transact business of insurance in the State of Nebraska. As of September 30, 2007, AF&L Insurance Company reported total capital and surplus of \$1,649,943, declining from the reported total capital and surplus of \$3,455,713 as of December 31, 2006 and representing an operating loss in the last 12 month period greater than 50% of AF&L Insurance Company's remaining surplus as regards policyholders in excess of the minimum required by Nebraska law.

As a result of this development, the Director of Insurance for the State of Nebraska, Ann M. Frohman, has reasonable cause to believe that AF&L Insurance Company is in hazardous financial condition and that further transaction of its business would be harmful to the public or to holders of its policies or certificates of insurance. Therefore, the Director of Insurance for the State of Nebraska, pursuant to NEB. REV. STAT. §§44-101.01, 44-134 and 44-4817 and 210 NEB. ADMIN. R. & REG. 55, is authorized to suspend AF&L Insurance Company's Nebraska Certificate of Authority.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to Neb. Rev. STAT. \$\\$44-101.01, 44-134 and 44-4817 and 210 Neb. Admin. R. & Reg. 55, that the Nebraska Certificate of Authority held by AF&L Insurance Company is hereby suspended. Accordingly, AF&L Insurance Company shall immediately cease writing any new or renewal business in the State of Nebraska.

IT IS FURTHER ORDERED that all appointments of agents of AF&L Insurance Company filed with the Nebraska Department are suspended and that AF&L Insurance Company shall immediately notify such appointed agents of this Order and its terms.

IT IS FURTHER ORDERED that AF&L Insurance Company shall have ten days from the date this Order is received to seek administrative review of this Order by mailing a written request to the Director of Insurance for the State of Nebraska for a hearing on this matter.

Dated this <u>25</u> day of February, 2008.

DEPARTMENT OF INSURANCE STATE OF NEBRASKA

ANN M. FROHMAN
Director of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Order Suspending Certificate of Authority was served upon agent for service of process for AF&L Insurance Company, CSC Laywers Incorporating, at 900 First Bank Building, 233 South 13th Street, Lincoln, Nebraska 68508, the Insurance Commissioner of the State of Pennsylvania, and upon Pamela Epp Olsen, administrator of the Nebraska Life and Health Guaranty Association, by first class mail, on this 25 day of February, 2008.

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